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### Fishery Products Report 2009

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Fishery Products

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#### Report Highlights:

Korean seafood imports from all origins totaled \$2.85 billion in 2008, down 3.4 percent from \$2.95 billion in 2007. In 2008, Korea was the fourth largest market for U.S. fishery products. In 2009, total imports of seafood are expected to decrease by about 15 percent due to the world-wide economic recession. Once ratified, the Korea-U.S. Free Trade Agreement, concluded in April 2007, is expected to create more opportunities for U.S. seafood exporters.

#### General Information:

##### SECTION I: SITUATION AND OUTLOOK

Korea was the world's 14th largest economy in 2008 [1] with a GDP of \$1.34 trillion on a purchasing power parity (PPP) basis. Per capita GDP (PPP) in Korea was \$27,600 in 2008. Although the Korean economy has been affected by the global economic crisis, it is recovering quickly. The Korea Development Institute, a government economic think-

tank, recently forecast Korea's 2009 economic growth at - 0.7 percent, while 2010 growth is projected at 4.2 percent.

Total seafood imports from all origins totaled \$2.85 billion in 2008, down 3.4 percent from \$2.95 billion in 2007. In 2008, Korea was the fourth largest market for U.S. fish and seafood products and the United States was Korea's fifth largest market for its fish and seafood products. Imports from the United States amounted to \$129 million in 2008, providing the United States with a 4.1 percent market share. In 2009, total imports of seafood are expected to decrease by about 15 percent due to the world-wide economic recession.

Korea exported \$1.45 billion in seafood in 2008. Until 2000, Korea exported a lot more seafood than it imported. However, growing domestic demand and limited supplies have reversed the situation. In 2008, Korea imported about \$1.4 billion more seafood than it exported. Imports are expected to continue to outpace exports ensuring that Korea will remain an important market for U.S. seafood suppliers.

U.S. seafood is generally considered high quality, but higher in price compared to competitors. Surimi, monkfish, hagfish, cod, skate, flat fish, fish roes, eels, ray, rock fish, Atka mackerel, etc. are some of the major species that are imported in larger quantities than other species to Korea from the United States.

Korean seafood production increased to 3.36 million metric tons in 2008, up from 3.28 million metric tons in 2007. Production of shallow-sea aquaculture remained near previous year levels. Seaweed and shell fish accounted for 92 percent, fishes accounted for 7 percent, and crustaceans and others accounted for one percent of production within the shallow-sea aquaculture sector. In 2008, Korean fish production increased to 1.45 million tons including aquaculture from 1.33 million tons in 2007.

It is expected that Korean domestic fish production will not increase much in the future due to reductions in fish resources in adjacent waters and the enforcement of Exclusive Economic Zones by Korea's neighboring countries. The number of fishing vessels has decreased continuously over the past 5 years reflecting the reduction in fishery resources. To cope with this situation, the Korean government has accelerated the downsizing of the Korean fishing fleet and plans to reduce it further over the next several years. Recognizing the potential economic impact of this step and the reduction in fishery agreements, the Korean government is undertaking an in-depth study of aquaculture and researching how to secure higher fish catch quotas in foreign waters.

The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early April 2007 is expected to deepen the longstanding alliance between the United States and Korea. With respect to seafood, the KORUS FTA is expected to create more opportunities for U.S. exporters. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented.

## SECTION II: STATISTICAL TABLES

**Table 1. Imports of Fish, Urchin Roe/Caviar and Livers by country (MT)**

2007		2008	
USA	5,455	USA	4,152
Russia	11,069	Russia	9,123
Iceland	2,705	Iceland	1,193

Peru	1,313	China	669
China	738	Peru	589
New Zealand	670	New Zealand	545
Thailand	427		
Others	1,194	Others	930
Total	23,571	Total	17,201

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 2. Korean Imports of Fish and Urchin Roes/Caviar/Liver (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Livers, Fresh	0302.70.1000	1	1	7	0
Roes, fresh	0302.70.2000	0	0	0	0
Livers, frozen	0303.80.1000	265	4	290	0
Roes/AK Pollack, frozen	0303.80.2010	7,233	2,845	4,497	1,196
Other Roes, Frozen	0303.80.2090	11,013	2,601	9,664	2,954
Livers, dried, salted	0305.20.1000	0	0	0	0
Roes, dried	0305.20.2000	27	0	20	0
Roes, smoked	0305.20.3000	0	0	0	0
Roes/Alaska Pollack, salted	0305.20.4010	3	0	18	0
Roes/Yellow Corvina, salted	0305.20.4020	0	0	0	0
Roes/Herrings, salted	0305.20.4030	53	0	21	0
Other roes, Salted	0305.20.4090	16	0	71	0
Sea Urchin, Fresh, chilled, live	0307.91.9010	47	0	36	0
Caviar	1604.30.1000	3	0	2	0
Caviar, Substitute	1604.30.2000	4,910	4	2,575	2
Total		23,571	5,455	17,201	4,152

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 3. Korean Exports of Fish, Urchin Roe/Caviar and Livers by country (MT)**

2007		2008	
USA	141	USA	144
Japan	1,264	Japan	1,733
China	368	China	139
		New Zealand	107
Others	159	Others	217
Total	1,932	Total	2,340

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 4. Korean Exports of Fish and Urchin Roe/Caviar/Liver (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Livers, Fresh	0302.70.1000	0	0	6	0
Roes, Fresh	0302.70.2000	0	0	0	0
Livers, Frozen	0303.80.1000	0	0	13	0
Roes/AK Pollack, frozen	0303.80.2010	435	2	693	2

Other Roes, frozen	0303.80.2090	215	0	235	0
Livers, dried, salted	0305.20.1000	0	0	0	0
Roes, dried	0305.20.2000	0	0	0	0
Roes, smoked	0305.20.3000	0	0	0	0
Roes/pollack, salted	0305.20.4010	84	75	41	22
Roes/Yellow Corvina, salted	0305.20.4020	0	0	10	0
Roes/Herrings, Dried	0305.20.4030	0	0	0	0
Other roes, Salted	0305.20.4090	60	28	103	87
Sea Urchin, Fresh	0307.91.9010	56	1	49	0
Caviar	1604.30.1000	0	0	0	0
Caviar, Substitute	1604.30.2000	1,082	35	1,190	33
Total		1,932	141	2,340	144

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 5. Korean Imports of Flatfish, Whole by country (MT)**

2007		2008	
USA	3,423	USA	4,296
Russia	7,627	Russia	5,772
China	2,497	China	1,470
Guinea	1,194	Spain	1,434
Spain	928	Guinea	977
Senegal	495	Senegal	289
Others	794	Others	728
Total	16,958	Total	14,966

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 6. Korean Imports of Flatfish (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Flat Fish, Live	0301.99.8000	8	0	74	0
Halibut, Fresh	0302.21.0000	0	0	0	0
Plaice, Fresh	0302.22.0000	11	0	2	0
Sole, Fresh	0302.23.0000	13	0	8	0
Other, Fresh	0302.29.0000	2	0	0	0
Halibut, Frozen	0303.31.0000	166	7	219	4
Plaice, Frozen	0303.32.0000	2,810	97	2,563	262
Sole, Frozen	0303.33.0000	931	0	484	21
Others, Frozen	0303.39.0000	13,017	3,319	11,616	4,009
Total		16,958	3,423	14,966	4,269

Source: Statistical Yearbook of Ministry of Foreign Trade 2008, Korea Customs Service

**Table 7. Korean Exports of Flatfish, Whole by country (MT)**

2007		2008	
USA	111	USA	108
Japan	3,085	Japan	3,898
China	1,871	China	614
Spain	391	Spain	361

Others	260	Others	253
Total	5,718	Total	5,234

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 8. Korean Exports of Flatfish (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Flat Fish, Live	0301.99.8000	3,116	58	3,906	90
Halibut, Fresh	0302.21.0000	3	3	14	14
Plaice, Fresh	0302.22.0000	1	1	4	0
Sole, Fresh	0302.23.0000	0	0	0	0
Other, Fresh	0302.29.0000	0	0	0	0
Halibut, Frozen	0303.31.0000	88	45	132	0
Plaice, Frozen	0303.32.0000	173	2	420	0
Sole, Frozen	0303.33.0000	260	0	364	0
Others, Frozen	0303.39.0000	2,077	2	403	4
Total		5,718	111	5234	108

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 9. Korean Imports of Ground fish, Whole by country (MT)**

2007		2008	
USA	4,393	USA	4,489
Russia	207,070	Russia	177,871
Japan	34,381	Japan	20,238
China	4,367	China	5,096
Others	3,990	Others	2,511
Total	254,201	Total	210,205

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 10. Korean Import of Ground fish (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Cod, Fresh	0302.50.0000	1,902	1	1,462	5
Alaska Pollack, Fresh	0302.69.1000	20,490	0	16,944	0
Cod, Frozen	0303.52.0000	12,688	3,069	11,603	3,260
Haddock, frozen	0303.72.000	0	0	0	0
Hake, Frozen	0303.78.0000	272	0	17	0
Alaska Pollack	0303.79.1000	208,573	124	171,691	34
Rockfish(ocean perch)	0303.79.9070	6,325	1,200	4,800	1,190
Alaska Pollack, Dried	0305.59.3000	3,951	0	3,688	0
Total		254,201	4,393	210,205	4,489

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 11. Korean Exports of Ground fish, Whole by country (MT)**

2007		2008	
USA	80	USA	267
China	12,733	China	19,982
New Zealand	3,156	New Zealand	2,146
Russia	457	Russia	820
Others	1,354	Others	726
Total	17,780	Total	23,941

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 12. Korean Export of Ground Fish (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Cod, Fresh	0302.50.0000	0	0	0	0
Alaska Pollack, Fresh	0302.69.1000	1	1	2	2
Cod, Frozen	0303.52.0000	3,103	6	3,394	21
Haddock, frozen	0303.72.000	0	0	0	0
Hake, Frozen	0303.78.0000	4,150	0	3,290	0
Alaska Pollack	0303.79.1000	9,852	24	16,401	159
Rockfish (ocean perch)	0303.79.9070	380	1	500	0
Alaska Pollack, Dried	0305.59.3000	294	48	354	85
Total		17,780	80	23,941	267

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 13. Korean Imports of Surimi by country (MT)**

2007		2008	
USA	24,076	USA	13,832
China	40,759	China	37,802
Vietnam	26,676	Vietnam	34,678
Thailand	5,756	Indonesia	7,183
Indonesia	3,777	India	3,337
India	3,720	Thailand	2,716
Others	3,095	Others	3,026
Total	107,859	Total	102,574

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 14. Korean Import of Surimi (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Of Swordfish/fresh or chilled	0304.11.2000	0	0	0	0
Of Toothfish/fresh or chilled	0304.12.2000	0	0	0	0
Of Conger-eel/fresh or chilled	0304.19.1020	0	0	0	0
Of Plaice/fresh or chilled	0304.19.2020	0	0	0	0
Of Bluefin tunas/fresh or chilled	0304.19.3020	0	0	0	0
Of Others/fresh or chilled	0304.19.9020	0	0	0	0

Of Swordfish/frozen	0304.91.1000	3,741	0	0	0
Of Toothfish/frozen	0304.92.1000	20	0	0	0
Of Alaska Pollack/frozen	0304.99.1010	24,506	23,076	13,899	13,209
Of Others/frozen	0304.99.9010	79,592	1,000	88,674	623
Total		107,859	24,076	102,574	13,832

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 15. Korean Exports of Surimi by country (MT)**

2007		2008	
USA	0	USA	40
China	321	Japan	261
Japan	67	Indonesia	96
		Thailand	44
		China	27
Others	1	Others	26
Total	389	Total	494

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

**Table 16. Korean Export of Surimi (MT)**

Species	H.S. Code	2007		2008	
		World	U.S.	World	U.S.
Of Swordfish/fresh or chilled	0304.11.2000	0	0	0	0
Of Toothfish/fresh or chilled	0304.12.2000	0	0	0	0
Of Conger-eel/fresh or chilled	0304.19.1020	0	0	0	0
Of Plaice/fresh or chilled	0304.19.2020	0	0	0	0
Of Bluefin tunas/fresh or chilled	0304.19.3020	0	0	0	0
Of Others/fresh or chilled	0304.19.9020	0	0	0	0
Of Swordfish/frozen	0304.91.1000	1	0	0	0
Of Toothfish/frozen	0304.92.1000	0	0	0	0
Of Alaska Pollack/frozen	0304.99.1010	321	0	176	0
Of Others/frozen	0304.99.9010	67	0	318	40
Total		1,388	0	494	40

Source: Statistical Yearbook of Foreign Trade 2008, Korea Customs Service

### SECTION III: NARRATIVE ON SUPPLY AND DEMAND & MARKETING

#### Production

Korean seafood production was 3.36 million metric tons in 2008, a 2.7 percent increase from the previous year. This includes 1.29 million tons from adjacent waters fisheries, 1.38 million tons from shallow sea aquaculture, 666,000 tons from deep-sea fishing and 29,000 tons from inland water fishing.

It is expected that Korean domestic fish production will not increase much in the future due to reductions in fish resources in adjacent waters. The number of fishing vessels has decreased continuously over the past 5 years reflecting the reduction in fish resources. A growing number of Korean fishermen want to sell their boats and leave the sea as

rising fuel prices and a chronic fish shortage squeeze their businesses. The Korean government paid about \$250 million in a buy-out program for 3,984 fishing boats in 2008 in order to reduce the number of fishing boats in an effort to help resolve the difficulties the fishing industry currently faces, resulting mainly from high fuel costs.

The Korean government is focusing on aquaculture in shallow sea areas to cope with the shortage of fishery resources in the adjacent water and restrictions in neighboring countries' waters. Shallow sea aquaculture is expected to continue to increase in the future due to tighter restrictions on fresh water aquaculture and expectations of continuing reductions in wild catches in the future.

To insulate select domestic seafood producers from imported products (mainly from China), the Korean government has set higher "adjustment tariffs" ranging from 22 to 53 percent for nine fish species which are not subject to tariff bindings under WTO agreements. Prior to implementation of the adjustment tariffs, imports of these nine species were subject to tariffs ranging from 10 to 20 percent. To further support the domestic industry, the Korean government is focusing on aquaculture in shallow waters to secure a stable supply of fish and working hard to purchase fish quotas from other countries, including Russia.

Korea and China reached an agreement on the fishing quota for 2009, which allows 1,600 Korean vessels to catch 68,000 tons, the same as last year, inside China's EEZ (Exclusive Economic Zone) and in return, 1,800 Chinese vessels can catch 70,000 tons in the Korean zone.

The total catch quota for all types of fish purchased by the Korean government from the Russian government in 2009 increased to 55,473 tons from 36,615 tons in 2008. The 2009 catch quotas with Russia include 39,000 tons for Alaska pollack, 2,694 tons for cod, 7,393 tons for saury, 4,500 tons for squid, 800 tons for sting ray, 736 tons for herring, 50 tons for blow fish and 300 tons for plaice. The fish caught under the catch quotas are considered to be domestic product and are not subject to import tariffs since they are caught by Korean fishing boats.

Korea and Japan also agreed on the fishing quota for 2009, which allows a total of 940 fishing boats from each country to catch 60,000 tons of fish, respectively inside each other's EEZ. The species that Korean boats are allowed to catch inside the Japanese EEZ include mackerel (23,385 tons), saury (7,000 tons), Sardines (3,500 tons), hair tail (2,080 tons), squid (8,750 tons), plaice (1,100 tons), etc.

The Ministry of Food, Agriculture, Forestry and Fisheries (MIFAFF) established 405,890 tons as the Total Allowable Catch (TAC) for 2009 for the eleven species as shown on table 25 below. There are further restrictions such as limited catch seasons for some species as well as restrictions on the number of fishing boats and fishing methods.

Constraints built into bilateral and multilateral fishing accords will further impact total harvest. The harvest from adjacent waters fisheries consists primarily of squid, mackerel, corvina, hair tail and anchovy. Government efforts to boost aquaculture production in the shallow sea areas clearly indicate the importance of this sector as a future seafood resource.

**Table 17. Korean Seafood Production by Waters**

**1,000 MT**

Year	Total	Adjacent Waters	Shallow Sea Aquaculture	Distant Waters	Inland Waters
2004	2,519	1,077	918	499	20



2005	2,714	1,097	1,041	552	24
2006	3,032	1,109	1,259	639	25
2007	3,275	1,152	1,386	710	27
2008	3,363	1,286	1,382	666	29

Source: MIFAFF Major Statistics Booklet 2009

**Table 18. Korean Production of Shallow-Sea Aquaculture (M/T)**

Year	Total	Fishes	Crustacean	Molluscs	Other aquatic animals	Seaweed
2004	917,715	64,476	2,426	304,889	9,176	536,748
2005	1,041,074	81,437	1,399	326,255	10,827	621,156
2006	1,259,275	91,123	1,683	391,060	10,495	764,914
2007	1,385,444	97,663	1,321	478,646	15,221	792,593
2008	1,382,000	99,006	1,924	344,799	15,247	921,024

Source: MIFAFF Major Statistics Booklet 2009

**Table 19. Korean Production of Adjacent Waters (M/T)**

Year	Total	Fishes	Crustacean	Molluscs	Other aquatic animals	Seaweed
2004	1,076,687	672,227	57,110	332,768	5,522	9,060
2005	1,097,041	721,947	62,075	292,529	5,278	15,212
2006	1,108,815	715,048	73,715	300,226	6,072	13,754
2007	1,152,299	761,970	85,297	279,325	7,518	18,189
2008	1,285,705	878,348	88,052	297,702	7,737	13,866

Source: MIFAFF Major Statistics Booklet 2009

**Table 20. Korean Production of Distant Waters (M/T)**

Year	Total	Fishes	Crustacean	Molluscs
2004	499,400	400,134	25,648	73,618
2005	552,096	439,711	28,842	83,543
2006	639,184	433,122	33,807	172,255
2007	709,960	446,641	37,247	226,072
2008	666,182	445,367	35,522	185,293

Source: MIFAFF Major Statistics Booklet 2009

**Table 21. Korean Production of Inland Water Aquaculture (M/T)**

Year	Total	Fishes	Crustacean	Shell Fishes	Other aquatic animals
2004	25,299	20,415	78	4,670	136
2005	23,839	21,760	101	1,883	95
2006	28,291	24,843	479	2,879	90
2007	26,760	23,424	177	3,027	132
2008	29,180	25,343	726	2,993	118

Source: MIFAFF Major Statistics Booklet 2009

**Table 22. Korean Fishing Fleet (Boats, Gross/Tons)**

Year	Number of Boats	Tons
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2004	91,608	724,980
2005	90,735	700,810
2006	86,113	673,719
2007	85,627	663,869
2008	80,766	621,338

Source: MIFAFF Major Statistics Booklet 2009

**Table 23. Number of Households Engaged in Fishing**

Year	Total	Aquaculture	Fishing
2005	79,942	24,075	55,867
2006	77,001	23,989	53,012
2007	73,934	23,356	50,577
2008	71,046	22,101	48,945

Source: MIFAFF Major Statistics Booklet 2009

**Table 24. Korean Production of Processed Seafood**

Year	Production (Ton)	Number of Facilities
2001	1,546,839	1,690
2002	1,590,000	1,630
2003	1,357,717	1,465
2004	1,528,753	1,480
2005	1,559,201	2,937
2006	1,546,784	2,400
2007	1,384,000	2,424

Source: MIFAFF Major Statistics Booklet 2009

**Table 25. Korean Total Allowable Catch (MT)**

Species	2005	2006	2007	2008	2009
Mackerels	160,000	155,000	154,000	159,000	159,000
Jack mackerels	12,000	19,000	19,000	21,000	18,000
Red snow crabs	21,000	21,000	25,000	27,700	29,000
Snow crabs	-	1,000	1,200	1,500	1,400
Purplish Washington clams	7,000	5,100	3,700	3,200	1,700
Pen shells	2,300	2,440	3,200	3,200	3,100
Horned turban	1,683	1,610	1,480	1,400	1,320
Swimming crabs	6,000	4,000	3,350	5,590	5,730
Squid	-	166,000	166,000	166,000	185,000
Sailfin sandfish	-	-	-	-	1,500
Mottled Skate	-	-	-	-	140
Total	215,983	380,150	381,930	393,590	405,890

Source: MIFAFF

## Consumption

The "Monthly Statistics of Korea" (July 2009 Issue) shows that the average monthly household expenditure in urban areas on fishery products was \$34 in 2008. The Korea Rural Economic Institute reported that annual per capita seafood

consumption in Korea was 55 Kg (fishery products and shellfish = 40.6 kg and seaweed = 14.4 kg) in 2007. The major fish species that Koreans consumed are Alaska Pollack, squid, mackerel, hair tail and yellow corvina. The success of Korean industry efforts to change consumer perceptions of fish (as a healthy alternative to red meat), to diversify fish products, to improve quality, and to develop processing technology will be key in expanding domestic demand.

Seafood family restaurants are getting popular in Korea thanks to increased income and improved standards of living. They are expanding their business due to good business environment. Todai, Seafood Ocean, Bono-Bono, Ocean Star and Muscus are some of the seafood family restaurants doing good business in Korea. These restaurants are using imported seafood as well as locally produced seafood.

Koreans prefer fish in this order: live fish, fresh fish and lastly, frozen fish. Some live fish is consumed raw (Hoi, or sashimi), and commands a price premium. Korean consumers assume fresh fish tastes better than frozen fish after cooking. Accordingly, the price for fresh fish is almost always substantially higher than for frozen fish.

As more and more women are working outside the home, the demand for convenience food has increased. Korean consumers are increasingly attracted to precooked, prepared and preserved food at supermarkets. Hotels generally use high quality seafood for which they charge a higher price. However, the institutional food service industry generally uses cheap raw materials to reduce cost as much as possible to cope with the fierce competition in this sector.

The importance of food safety is magnified by the Korean media's propensity to sensationalize food-related news. Detection of disease in fishery products and/or chemical residues in aqua-cultured seafood is widely reported and generally results in a temporary drop in local seafood consumption. For example, reports that Malachite Green had been found in domestically produced fish in 2005 seriously reduced consumption of aqua-cultured Israel carp and trout in Korea.

**Table 26. Korean Seafood Demand and Supply**

Year	Local Consumption 1,000 Metric tons	Local Production 1,000 Metric Tons	Self-sufficiency Rate (%)
2002	3,434	2,476	72.1
2003	3,578	2,486	69.4
2004	3,922	2,519	64.2
2005	4,169	2,714	65.1
2006	4,568	3,032	66.4
2007	4,621	3,271	70.8
2008	4,280	3,360	78.5

Source: MIFAFF Major Statistics Booklet 2009

**Table 27. Korean Per Capita Supply of Seafood Products**

	Kilogram					
	2002	2003	2004	2005	2006	2007
Fish and Shell fish	36.3	38.5	41.1	39.9	43.5	40.6
Seaweed	8.4	6.4	7.9	9.6	13.0	14.4
Total (kg/year)	44.7	44.9	49	48.1	56.5	55.0

Source: Korea Rural Economic Institute Homepage

## Trade

The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early April 2007 is expected to deepen the longstanding alliance between the United States and Korea. With respect to seafood, the KORUS FTA is expected to create more opportunities for U.S. seafood exporters. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented. Once ratified, Customs duties for fishery products imported from the United States will cut to zero immediately or phased out over the course of 3 to 10 years. For instance, the Customs duty for frozen Sockeye salmon will be cut to zero immediately. In contrast, Customs duties for U.S. trout and sea bass will be reduced to zero in 3 and 10 years, respectively. The Customs duty deduction schedule with time period will be prorated equally over each time period.

There will be three fish species which will be subject to Tariff Rate Quotas (TRQ) when the FTA is implemented. For instance, the Customs duty will be free for imports of 4,000 metric tons of frozen Alaska pollack in the first year when the FTA is implemented. The quantities shall enter on a first-come, first-served basis. The duty free quantities will become larger as the year passes by as shown on the table below.

**Table 28. Korea-United States FTA Seafood Tariff Rate Quotas (MT)**

Year	Flatfish/frozen	Alaska Pollack/frozen	Croaker/frozen
1	1,530	4,000	1,000
2	1,652	4,360	1,050
3	1,785	4,752	1,103
4	1,927	5,180	1,158
5	2,082	5,646	1,216
6	2,248	6,154	1,276
7	2,428	6,708	1,340
8	2,642	7,312	1,407
9	2,832	7,970	1,477
10	3,058	8,688	1,551
11	3,303	9,469	1,629
12	Unlimited	10,322	unlimited
13		11,251	
14		12,263	
15		unlimited	

Post believes the KORUS FTA will provide good opportunities for U.S. fishery products when it is implemented. For more detailed information about the results of the KORUS FTA including the tariff schedule for Korea, please visit: [http://www.mofat.go.kr/mofat/fta/eng/eng\\_list.htm](http://www.mofat.go.kr/mofat/fta/eng/eng_list.htm)

The industry forecasts that Korean consumers will take advantage of lower prices resulting from elimination of import duties to demand more Pollack surimi/frozen, lobsters/live, Pollack/frozen, monkfish/frozen, cod/frozen, Pollack roes/frozen, skate/frozen, flatfish/frozen, sea cucumber/prepared and croakers/frozen.

Korean consumers place value on high quality, low cost, healthiness and convenience in the course of making food purchasing decisions. Overall performance of the Korean seafood market will depend greatly on production and consumption. Due to the shortage of fish resources, fish production is expected not to increase. Despite this,

consumption is expected to continue to grow as consumers look for healthier protein alternatives.

Price, quality and timeliness are the most important factors affecting U.S. trade. U.S. fish are generally considered to be high quality with, in turn, an expectation of higher prices. Fortunately, the major species imported from the United States are the species that Koreans enjoy and that other suppliers do not supply in large quantities. Table 30 below shows the major species imported to Korea from the United States and the world. The imports of these 28 fish species accounted for almost 100 percent of the total imports of fishery products from the United States in 2008.

The Global Trade Atlas reports that total imports of seafood into Korea in 2008 amounted to about 2.85 billion. The largest seafood supplying country in 2008 was China at \$976 million, followed by Russia at \$384 million, Vietnam at \$3.04 million, Japan at \$220 million, USA at \$129 million, Thailand at \$111 million, and Taiwan at \$85 million. These seven countries accounted for 78 percent of Korea's total seafood imports in 2008.

**Table 29. Total Seafood Imports by year (\$1,000)**

<b>Year</b>	<b>From World</b>	<b>From USA</b>
2002	1,820	165
2003	1,900	144
2004	2,189	129
2005	2,301	144
2006	2,664	140
2007	2,954	132
2008	2,847	129
2009*	1,615	66

\*Imports during Jan.–Aug., 2009 Source: KOTIS, compiled by ATO Seoul

**Table 30. Major Fish Imported to Korea from USA in 2008 (\$1,000)**

<b>Fish Species</b>	<b>USA</b>	<b>Total</b>
Pollack surimi, frozen	50,980	52,854
Monkfish, fresh and frozen	14,799	74,739
Hagfish, frozen	6,659	10,030
Cod, frozen	6,510	21,292
Skate, frozen	5,427	31,905
Other flat fish, frozen	5,386	19,025
Other roes, frozen	4,921	15,827
Salad eel, live	4,482	10,799
Roes of Alaska Pollack, frozen	4,185	32,557
Atka mackerel, frozen	4,119	21,301
Other fish surimi, frozen	2,476	141,287
Ray, frozen	2,352	19,357
Prepared sea cucumber	2,032	9,390
Rock fish, frozen	1,768	8,063
Fillet, Alaska Pollack, frozen	1,716	32,385
Abductors of shell fish, frozen	1,269	6,094
Other Fillet, chilled	1,066	1,641
Sable fish, frozen	993	1,023
Rock lobster, frozen	929	2,573
Sardines, frozen	895	4,166

Other mollusks, frozen	548	9,885
Fillet, Plaice, frozen	546	951
Toothfish, frozen	545	1,936
Fillet, others, frozen	501	26,494
Other shrimps, frozen	493	115,987
Plaice, frozen	438	3,205
Scallops, frozen	433	9,479
Lobsters, other than frozen	377	15,512
Total	126,845	699,757

Source: Statistical Year Book of Foreign Trade 2008, Korea Customs Service

**Table 31. Applied Tariff Schedule for Fishery Products in Korea**

Description	H.S. Code	2009 (%)
Live Fish	0301 XX XXXX except for 0301.92.1000, 0301.99.4010, 0301.99.9051	10
Glass eel for Aquaculture	0301.92.1000	0
Sea Bream fry for Aquaculture	0301.99.4010	0
Sea Bass Fry for Aquaculture	0301.99.9051	0
Fish, Fresh or Chilled	0302 XX XXXX	20
Fish, Frozen	0303 XX XXXX	10
Fish Fillet/Fish Meat, frozen/chilled	0304 1X XXXX	20
Fish Fillet/Fish Meat, frozen	0304 2X XXXX	10
Fish Surimi, frozen	0304 9X XXXX	10
Fish, Dried/Salted/Smoked	0305 XX XXXX	20
Crustaceans	0306 except 0306.14.3000 0306.14.9000	20
Blue Crabs, frozen	0306.14.3000	14
Other crabs, frozen	0306.14.9000	14
Mollusk	0307 except for 0307 10 1011, 0307.10.1019 0307 4X XXXX 0307.91.1410 0307.91.9031	20
Oyster Spat for seed	0307 10 1011	0
Oyster spat for other purpose	0307.10.1019	5
Cuttlefish and Squid	0307 4X XXXX	10
Pearl oyster for seed	0307.91.1410	0
Sea Squirts for seed	0307.91.9031	0
Fish Extracts and Juice	1603 XX XXXX	30
Fish, prepared, preserved	1604 XX XXXX	20
Crustaceans/Mollusks, prep/preserved	1605 XX XXXX	20

Source: Korea Customs Research Institute, Tariff Schedule of Korea, 2009

**Table 32. Adjusted Tariff Rates for Fishery Products in Korea**

Description	H.S. Code	2008(%)	2009(%)	Changes
Eel, live	0301.929000	27a	27a	0
Sea Bream, live	0301.99.4090	36b	34b	-2

Sea Bass, live	0301.99.9059	38	34	-4
Croakers, live	0301.90.9095	36	34	-2
Alaska Pollack, frozen	0303.79.1000	30	30	0
Saury, frozen Excluding horn fish	0303.79.8000	31	31	0
Croakers, frozen	0303.79.9095	53	53	0
Shrimp, in Brine	0306.23.3000	46c	42c	-4
Squid, frozen	0307.49.1020	22	22	0

a/ 27% or 1,879 Korean won per Kg., whichever is higher is applied.

b/ 34% or 2,292 Korean won per Kg., whichever is higher is applied.

c/ 42% or 287 Korean won per Kg., whichever is higher is applied.

\*These adjustment tariffs have precedence over the applied tariffs on Table 31 above.

## Competitors

Seafood is imported into Korea from about 100 different countries. Major suppliers of fishery products to Korea include China, Russia, Vietnam, Japan, the United States, Thailand and Taiwan. In 2008, the seven supplying countries on Table 33 below accounted for about 80 percent of total Korean seafood imports on a value basis. China continued to be the largest seafood supplier to Korea, followed by Russia and Vietnam as shown on the table below.

A dozen supplying countries including China, Russia, Japan, U.K. Thailand, New Zealand, Chile, Canada, Indonesia, etc. are some of our competitors that participate in the Busan International Seafood & Fisheries Expo annually. These competitors exhibit a wide variety of seafood products targeting importers, wholesalers, distributors, retailers, hotels, restaurants and food processors.

**Table 33. Korean Seafood Imports from Major Countries**

Reporting Country: Korea, Republic of Top 15 Ranking	Import		
	2006	2007	2008
	\$million	\$million	\$million
China	1,021	1,057	976
Russia	346	423	384
Vietnam	206	268	304
Japan	220	269	220
United States	140	132	129
Thailand	141	146	111
Taiwan	86	83	85
Indonesia	32	50	65
Hong Kong	12	15	55
Norway	41	61	52
Peru	35	36	43
Chile	43	41	43
Canada	48	49	43
Malaysia	7	13	26
Argentina	22	29	24
<b>Others</b>	233	268	287

<b>Total</b>	<b>2,664</b>	<b>2,954</b>	<b>2,847</b>
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Source: GTA (<http://www.gtis.com/gta/usda/>)

## Marketing

Imports of seafood are relatively straight-forward compared to other food and agricultural products. Importers import fishery products, and generally sell to hotels and food service industry directly, and to distributors who sell to traditional markets and restaurants. When the volume is large, importers generally sell to retailers such as supermarkets, discount stores and department stores directly. When the volume is small, importers sell to distributors who sell to these retailers. Accordingly, U.S. suppliers should contact seafood importers to sell their fishery products to Korea.

Consumers like to purchase the species that they are accustomed to, and importers tend to import the species consumers are demanding. As mentioned earlier, imports of only 28 species in Korea accounted for almost 100 percent of total seafood imports from the United States in 2008. This means that U.S. exporters should supply the species consumers prefer, and at the same time should also try to invest in building demand for other species with which consumers currently lack familiarity.

Although there is no market for some species at present, history shows that demand can develop rapidly for new products in Korea. For example, many years ago, no demand existed for Jerk filefish. Accordingly, fisherman threw away Jerk filefish caught along with other fish. Now, imaginative processors have developed a prepared, preserved, flat, dried snack product based on Jerk filefish. Consumption of the product has reached the point that imports are required to augment domestic supplies. Imports of prepared, preserved Jerk filefish amounted to about \$30 million (6,410 tons) in 2008, mostly from Vietnam. Although there is currently no market for U.S. croakers, there may be good potential in the future if the tariff barrier is lifted and the species is processed according to Korean tastes.

When considering the Korean market, exporters should conduct preliminary research to determine if the market is appropriate. Possible sources of market information include Korean importers, U.S. state departments of agriculture, the USATO website ([www.atoseoul.com](http://www.atoseoul.com)) and the U.S. Department of Commerce. Lists of Korean importers, by species, can be obtained from the U.S. Agricultural Trade Office, or through the Foreign Agricultural Service in Washington, D.C.

One way of finding potential importers while also assessing market potential is to participate in local food shows to showcase your products to a larger audience. Many Korean importers attending these shows are looking to establish reliable long-term trading relationships. Show participation enhances initial contacts with importers, agents, wholesalers, distributors, retailers and others in the food and beverage industry.

The Busan International Seafood & Fisheries Expo (BIFSE) 2010 will be held in Busan at the BEXCO convention center, November 11-13, 2010. It offers an excellent opportunity to explore possible market opportunities in Korea. This show is held in November every year and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc. It is currently the only ATO Seoul-supported seafood show in Korea. Check the BISFE website ([www.bisfe.com](http://www.bisfe.com)) for future show dates.



## **SECTION IV: KEY CONTACTS AND FURTHER INFORMATION**

For further information about the Korean market, please contact:

U.S. Agricultural Trade Office (ATO)

Local address: Room 303, Leema Building, 146-1, Susong-dong, Chongro-ku, Seoul, Korea

U.S. mailing address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550

Phone: 82-2-397-4188

Fax: 82-2-720-7921

E-mail: [atoseoul@fas.usda.gov](mailto:atoseoul@fas.usda.gov)

Home Page: [www.atoseoul.com](http://www.atoseoul.com)

### **For more information on how you can register for USDA/FAS' Supplier List:**

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, ATO Seoul uses the U.S. Suppliers List (USL) to provide Korean importers with lists of prospective suppliers. The USL is a searchable database of more than 3,800 U.S. exporters and their products. The database features more than 500 agricultural product categories under which companies can list their offerings. Buyers who wish to find U.S. suppliers and U.S. exporters who wish to register in the USL can access the USL at:

[http://www.fas.usda.gov/agx/partners\\_trade\\_leads/us\\_suppliers\\_list.asp](http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp)

## **SECTION IV: OTHER RELEVANT REPORTS**

Exporter Guide Annual 2009 – KS9047 dated October 1, 2009

<sup>[1]</sup> Source: World Factbook